



# The US Health Care System and the Role for Integration

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# Today's Topics

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- What's driving health care integration
  - Cost
  - Access
  - Quality
- Changing Patterns of Health and Integration
- The Affordable Care Act (ACA) and Integration
  - 2703 State Plan Amendment
  - Medicare Accountable Care Demonstration

# Question

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- Do we have a health care system in the US?

# Why Reform Health Care in US

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- Cost
- Access to Care
- Quality

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# COST OF HEALTH CARE

# What do we spend on health care in US?

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A. \$500 Billion

B. \$1 Trillion

C. \$3 Trillion

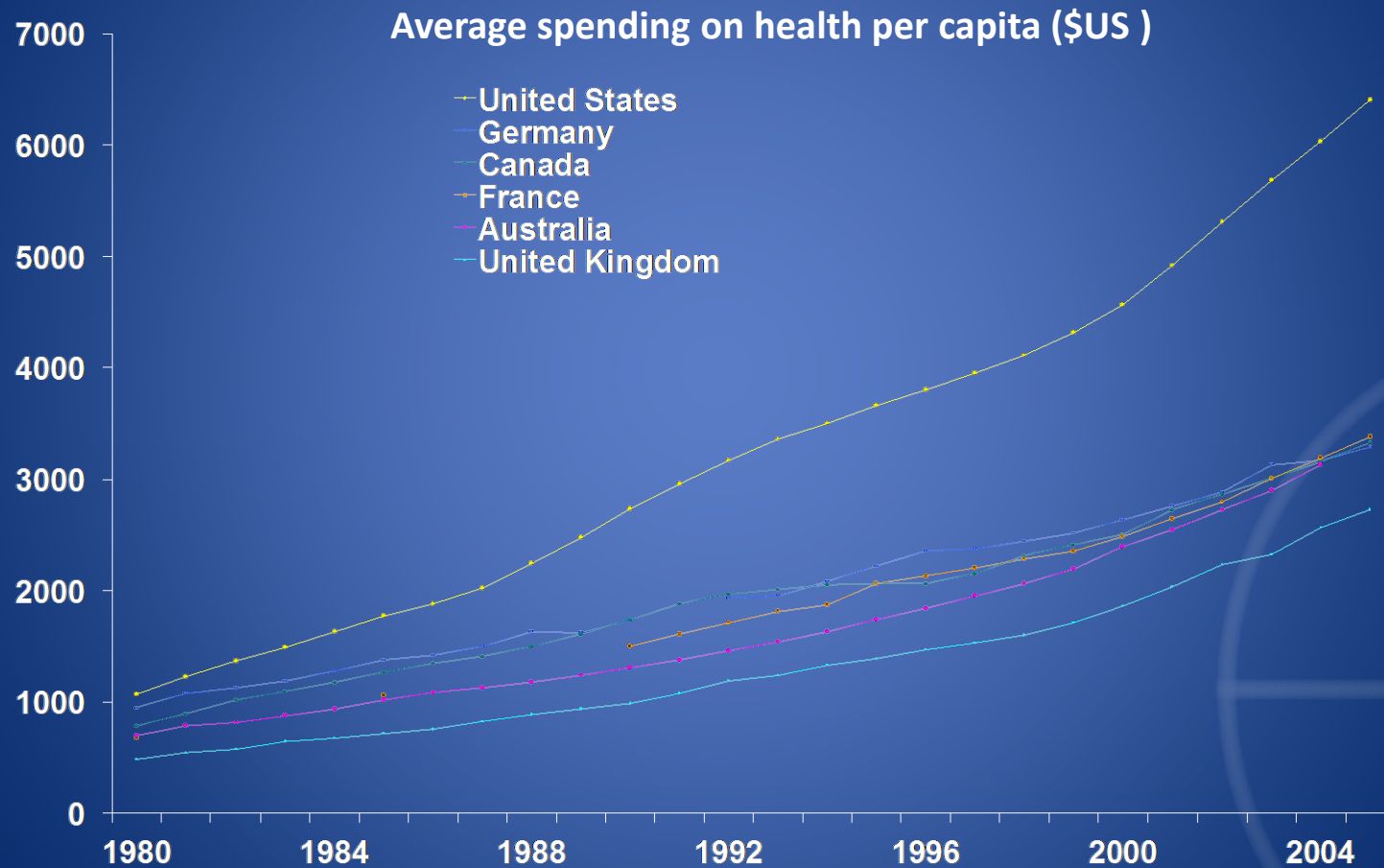
D. \$10 Trillion

- 1/3 waste\*

Average cost-\$8086/person  
4 times 1990 spending  
10 times 1980 spending

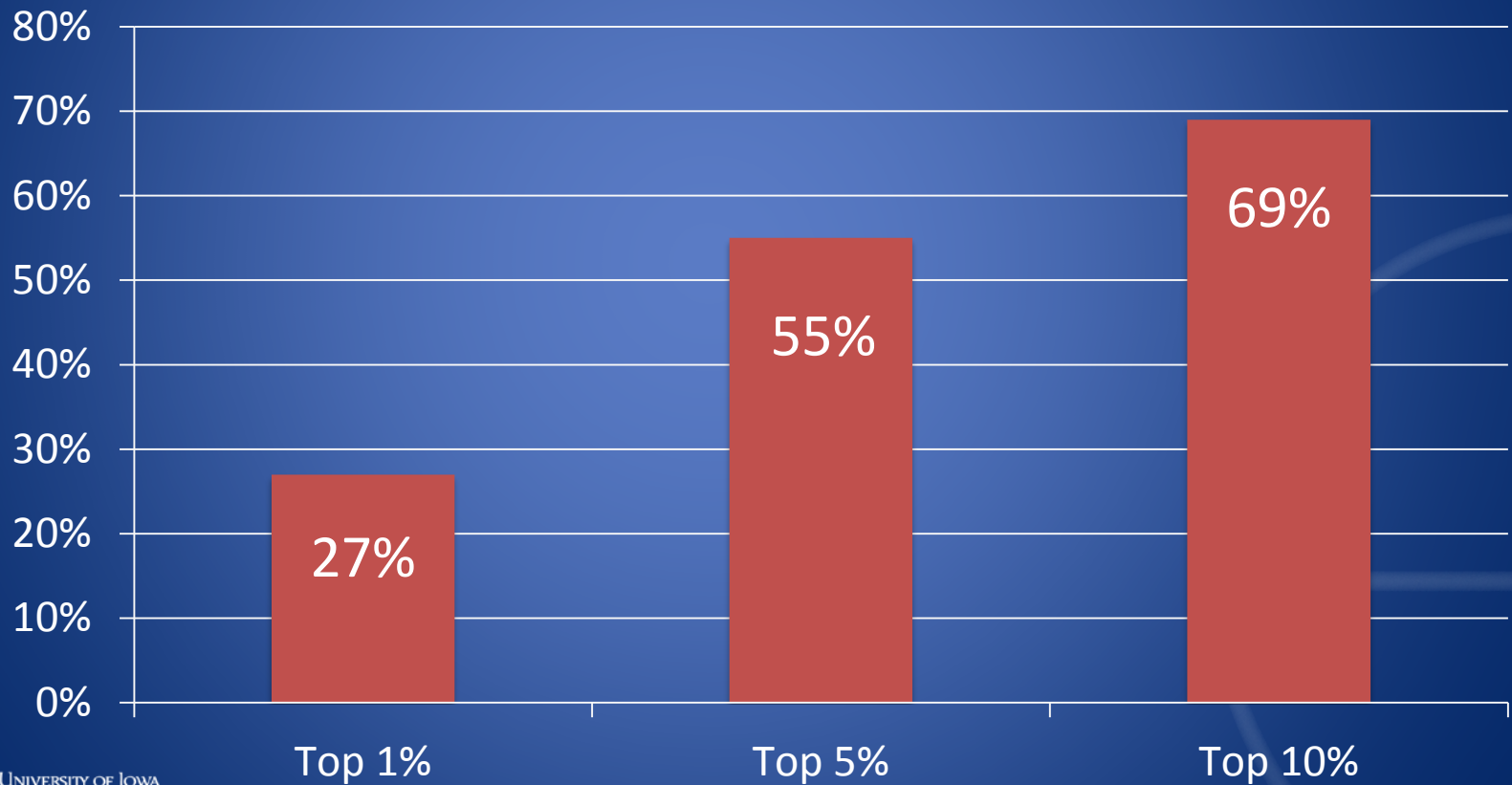


# Health Care Costs



# Uneven spending

## Health care spending





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# ACCESS TO CARE

# Access to care

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- Set of dimensions describing the fit between the patient and the health care system

Penchansky and Thomas, 1981

# Access to care

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- Access is generally assumed to imply the right of entry to the system independent of ultimate changes in health status.
- Financial access is emphasis of ACA
- Other issues in rural areas, urban areas etc.

# Access (insurance coverage)

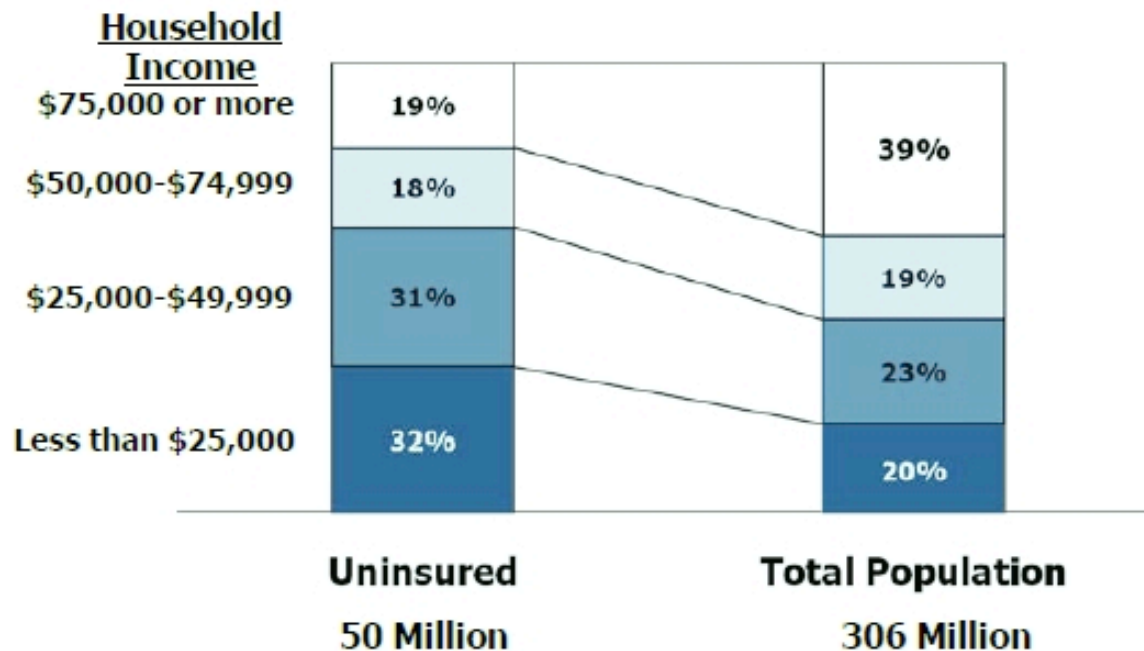
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- 50 million uninsured (16.3%)
  - Up 13 million in past 10 years
- 25 million underinsured
- Among insured
  - 55% have employer based insurance (from 64% in 1999)
  - 15% Medicare
  - 16% Medicaid

# Uninsured by income in US

Uninsured >  
one year:  
41% of  
lower  
income  
4% of higher  
income

Figure 3  
**Profile of the Uninsured vs. Total Population  
by Household Income, 2010**



Note: Totals may not sum to 100% due to rounding.

Source: U.S. Census Bureau, *Income Poverty and Health Insurance Coverage in the United States: 2010, 2011.*

# Insurance coverage in US over time: Filling the gaps

1941

Employer sponsored insurance (ESI)

- Tax incentive added
- Adults, some dependents working for large employers

1965

Medicare and Medicaid

- Seniors
- Disabled
- Poor kids (0-133% FPL)
- Some parents

1997

Children's Health Insurance Program

- Children of working poor (133-300% FPL)

2010

ACA

- Poor single adults (0-133% FPL\* (Medicaid-IHAWP))
- Pre-exist conditions
- Individual and small group insurance



# Iowa Health and Wellness Plan: Medicaid expansion

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- Combination of:
  - Iowa Wellness Plan
  - Iowa Marketplace Choice Plan
  - HIPP expansion
- Income eligibility determined by new modified adjusted gross income methodology (MAGI)
- Enrollee contributions after year 1:
  - \$10 copay non emergent ER visit
  - Premium (above 50% FPL, max 3% of income) unless participate in series of preventive activities
- Eligible IowaCare enrollees now auto-enrolled in plan
  - 52,000 of the 70,000

# Iowa Wellness Plan

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- Up to 100% of FPL for healthy
- Up to 133% FPL for medically frail individuals
- 120,000 enrollees by 2016
- Fee for service payment through any enrolled Medicaid provider
  - Independent primary care physician
    - Coordinated care fee payment
  - ACOs
    - Risk adjusted global budget, no initial downside risk
  - Managed care plan
    - PM/PM capitated payment

# Iowa Marketplace Choice Plan

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- 101-133% FPL
- Choose from Qualified Health Plans in Marketplace
- Services must be similar to Essential Health Benefits and Dental in Medicaid state plan
- 32,000 by 2016

# Iowa Health Benefits Marketplace

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- Statewide individual policies:
  - Coventry
  - CoOpportunity Health
- Statewide small group market:
  - Sanford Health
  - Health Alliance Midwest
- Limited market individual policies
  - Avera Health Plans
  - Gunderson Health Plans
- 4 Dental plans (stand alone)
  - The Guardian
  - Dentegra Insurance Company
  - Delta Dental of Iowa
  - BEST Life and Health Insurance Co.
- Private marketplaces individual purchasing will still exist for those >400% FPL and those who can buy plan cheaper outside Gov't marketplace
  - E.g., young, healthy males

# Quality/outcome

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- Technical quality
- Appropriateness of care
- Outcome
  - Now driving system
- Relationship to cost
  - System
  - Personal



# Health spending as percent of GDP

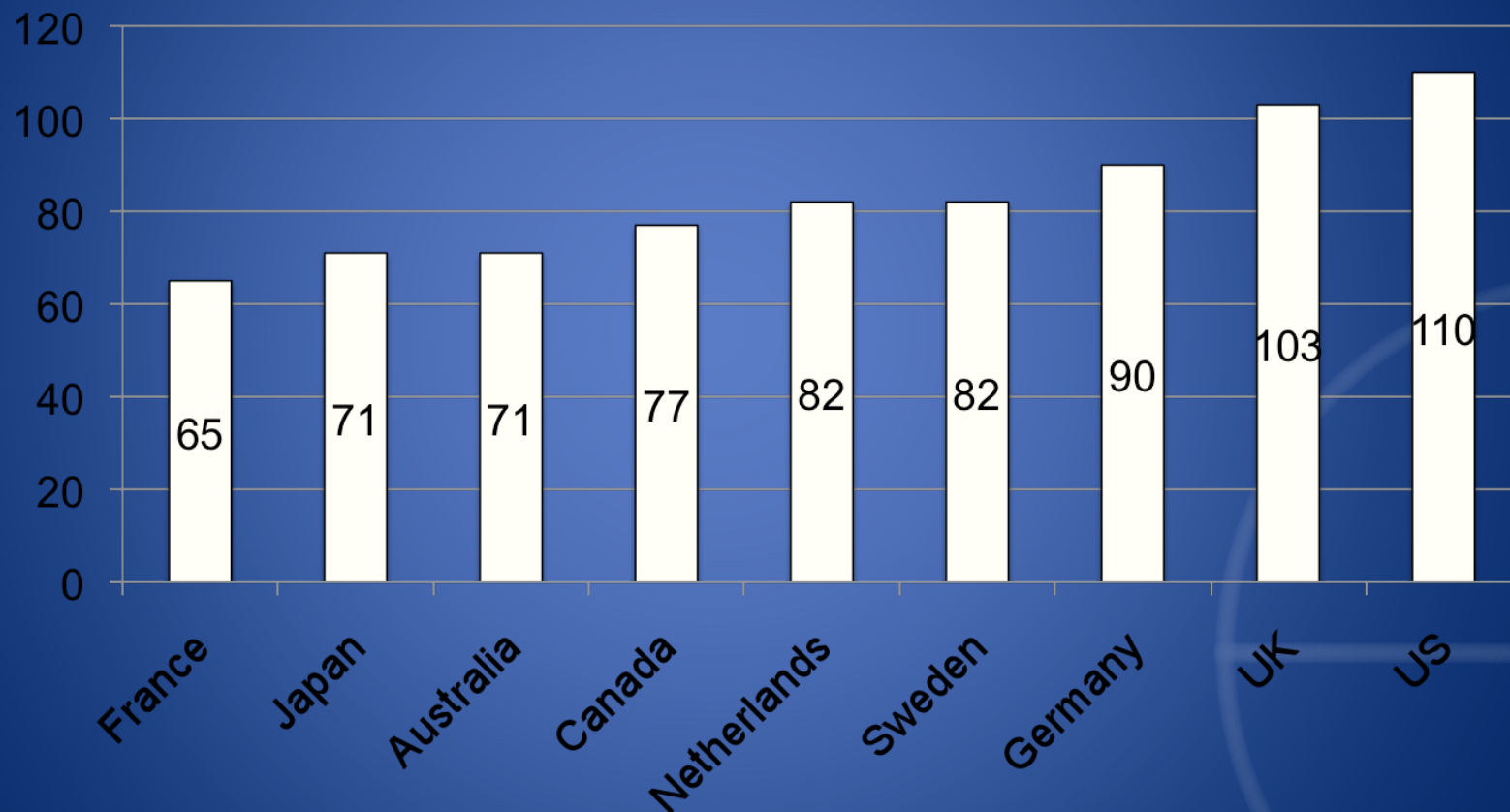
Country	Public	Private	Total
US	6.5%	7.4%	13.9%
Germany	8.3%	2.4%	10.7%
France	7.1%	2.5%	9.6%
Italy	5.3%	2.3%	7.6%
Japan	5.7%	1.5%	7.2%
UK	5.8%	1.0%	6.8%



# Rank of health indicators for the G7

Country	Health spending	Female life expectancy	Male life expectancy	Infant mortality
US	1	7	7	7
Germany	2	5	6	3
France	3	2	5	2
Canada	4	3	2	4=
Italy	5	4	3	6
Japan	6	1	1	1
UK	7	6	4	4=

# Mortality Amenable to Health Care 2002-03\*



# Current impact of quality

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- Know that 1/3 of spending is unproductive
- Quality driving system change and integration due to impact on cost
  - Major change from HMOs

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# CHANGING DISEASE PATTERNS

# Changing Disease Patterns

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- 1) Epidemics (1850-1900)
- 2) Acute infections (1900-1940)
- 3) Chronic illnesses (1940-present)

# Epidemics (1850-1900)

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- Disease etiology unknown
- Simple institutions
- Beginning of public health era
  - clean water
  - sewers
- Period of biggest gain in health status



# Gains in Health Status

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- Since 1900, the average life span of Americans has increased by over 30 years.
- No less than 25 of these 30 plus years are attributed to advances in public health.  
(MMWR/48,12;241-243)
- Water Fluoridation-one of the 10 most important public health measures of 20th Century  
— (CDC-1999)

# Acute Infections (1900-1940)

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- Science basis begins
- More complex institutions
- Age of antibiotics
- Ability to treat the individual begins

# Chronic Illness (1940-present)

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- Explosion in science, technology
- Complex institutions developed
- Most treatment is to increase quality of life—not prevent death
- Lifestyle related illnesses more prevalent
  - Smoking
  - Exercise
  - Nutrition
  - Car crashes

# Evolving Health Care System

## First era

(Yesterday)

- Acute and infectious disease
- Germ theory
- Medical care
- Insurance

Goal: Reducing deaths

## Second era

(Today)

- Chronic disease management and prevention
- Multiple risk factors
- Pre-paid benefits

Goal: Prolonging disability free life

## Third era

(Tomorrow)

- Complex systems/life course pathways
- Lifespan/generational
- Population-based prevention

Goal: Optimal health for all

# Result: Changing Mortality Patterns

1900	1990	2007	2000*
Pneumonia	Heart disease	Heart disease	Tobacco
TB	Cancer	Cancer	Diet/physical inactivity
Gastritis	Accidents	Stroke	Alcohol
Heart disease	Stroke	COPD	Microbial agents
Stroke	COPD	Accidents	Toxic agents
Nephritis	Chronic liver dx	Alzheimers	MVC/Firearms



JAMA, 2004: Mokdad et al. Actual causes of death in US, 2000

# Health vs. health care

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- Many determinants of our health best addressed by those outside the direct delivery of health care services
- Requires integration



# Determinants of health

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## What affects our health

- Lifestyle factors-51%
- Environmental factors-19%
- Human biology-20%
- Health care delivery-10%

## Where does US invest

- Lifestyle factors-1.2%
- Environmental factors-1.8%
- Human biology-7%
- Health care delivery-90%

# Social determinants of health

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- Early childhood development
- Education
- Employment and working conditions
- Food security
- Health services
- Housing
- Income and income distribution
- Social exclusion
- The social safety net
- Unemployment and job insecurity

# ACA Impact on Health Care Integration

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- Insurance expansion
- Section 2703-Medicaid Health Homes
- Medicare Accountable Care Demonstrations
- Emphasis on high cost, high utilizers
- Save money and improve quality

# Medicaid Health Homes

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- ACA Section 2703
- Optional Amendment to Medicaid State Plan
  - Establish Health Homes to coordinate care for people with chronic conditions

# Medicaid Health Home Services

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- Comprehensive care management
- Care coordination
- Health promotion
- Comprehensive transitional care/follow-up
- Patient & family support
- Referral to community & social support services

# Iowa Medicaid Health Homes

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- Physical Health Homes
- Integrated Health Homes (IHH)
  - Severe and persistent mentally ill



# Medicare ACO Demonstrations

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- Medicare Shared Savings Program
  - Section 3022
  - Fort Dodge-Pioneer ACO
- Population health focus
- May shift revenue/costs centers
- May create hypercompetitive private sector competition in some markets
  - May hinder integration in some markets
  - Private insurers now involved (Wellmark)

# Perspective on integration

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- <http://www.commonwealthfund.org/Multi-media/Videos/2013/Coordinated-Care.aspx?omnicid=20>

# Summary

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- Cost, quality and access concerns driving integration
- ACA has spurred some activity
  - Next phase in insurance coverage expansion
  - ACOs and Medicaid changes
    - Drifted over into private sector
- Market is trying to adjust to population health and how to integrate
- Likely not last we have heard about reform and need for integration

# Discussion

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Vinny